J.P.Morgan

# Investor Roadshow

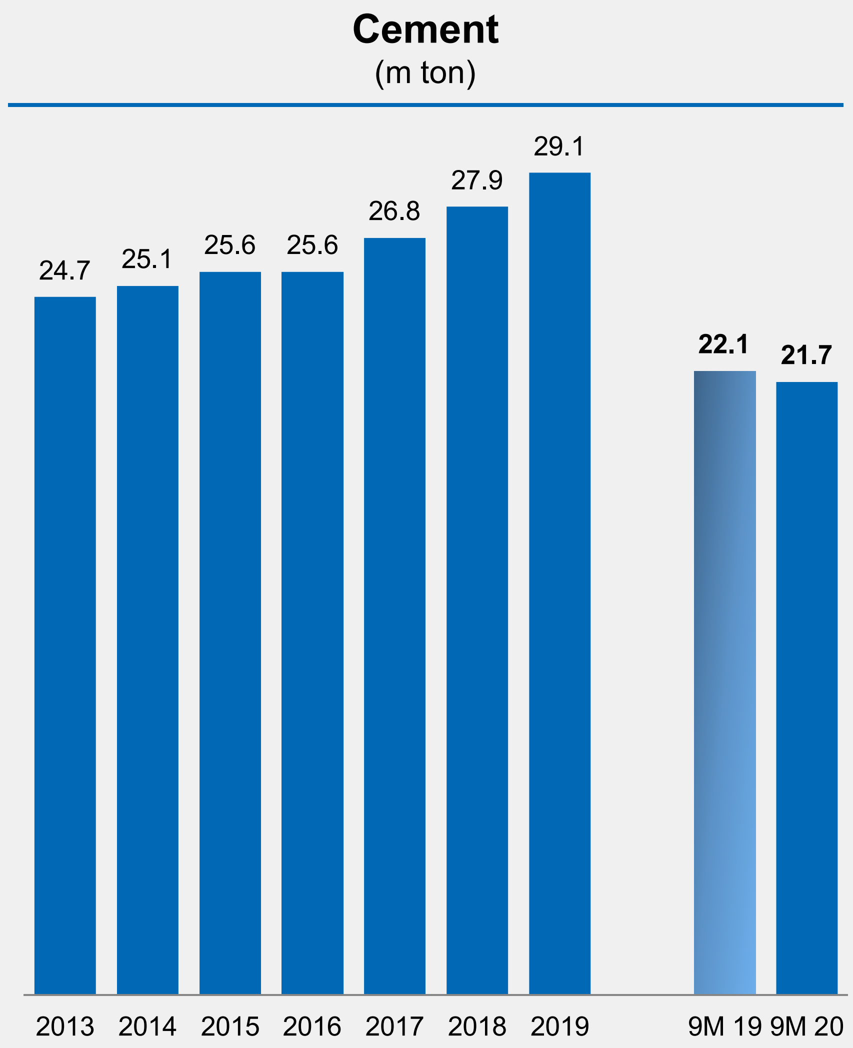
10 November 2020

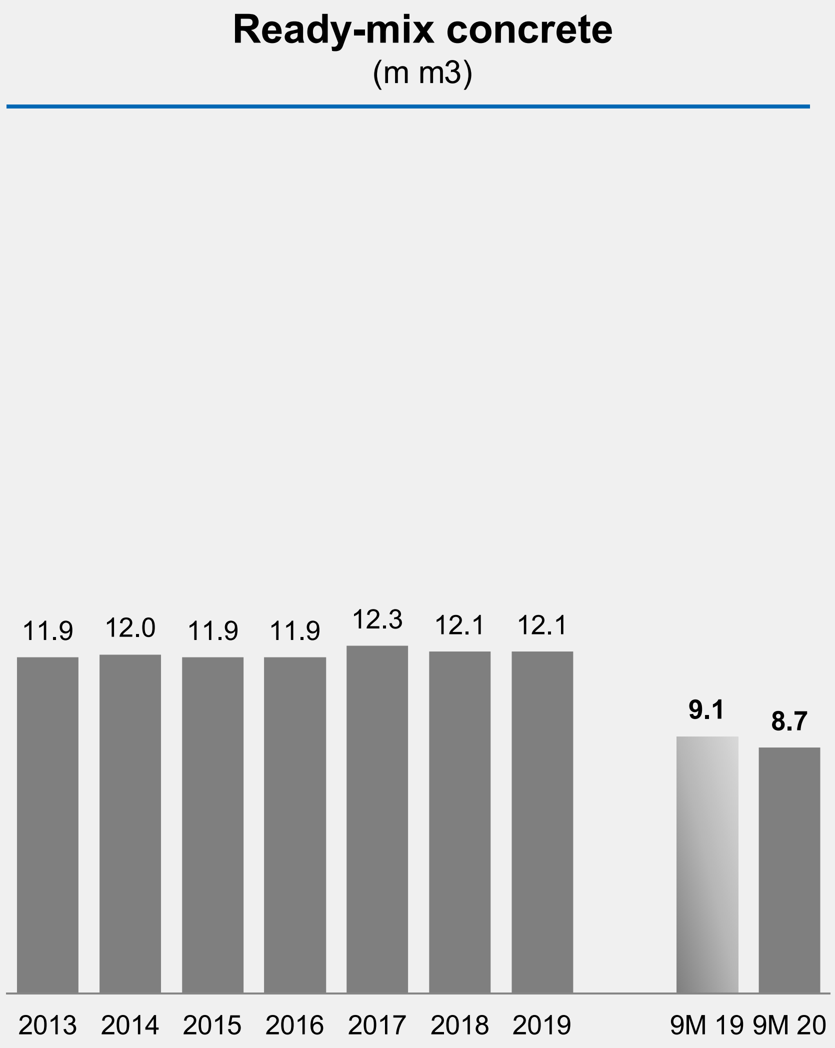
Buzzi Unicem

# Executive Summary

| | |
|---|---|
| **VOLUMES & PRICES** | • **Volumes**: Q3 cement volumes increased in Italy and in Germany. They declined in Eastern Europe, due to the pandemic impact, and in USA, mainly to the tough comparison. For Q3 as a whole, cement volumes showed a slight trend of recovery. YTD cement volumes down (-1.8%) at 21.7 mton; ready-mix concrete volumes more impacted (-4.9%)<br>• **Prices**: Favorable variance across the board in local currencies, particularly in Poland, Czech Rep and Italy |
| **FOREIGN EXCHANGE** | YTD negative impact of almost €m 22 on Net sales mainly due to weaker ruble |
| **FINANCIALS** | • Net Sales at €m 2,408 (€m 2,424 in 9M19), -0.3% like-for-like<br>• Net debt at €m 282 versus €m 568 at year end 2019 |
| **GUIDANCE** | Guidance for 2020: recurring EBITDA expected to be close to previous year |
| **SAVINGS SHARES CONVERSION** | Mandatory conversion of savings shares.<br>• Proposed conversion rate 0.67x;<br>• Dividend of € 0.75 per share to all shareholders subject to approval of the conversion proposal<br>• Schedule: Meeting of the Ordinary and Savings Shareholders on 19 Nov. Closing in Feb 21, after the expiration of the withdrawal right period |
| **ACQUISITION IN BRAZIL** | The BCPAR joint venture strengthens its presence in Brazil through the acquisition of CRH group's Brazilian business (3.4 mt per year of production capacity)<br>Agreement based on a price of USD 218 million (subjet to adj on net financial position at closing date) |

# Volumes 9M 2020



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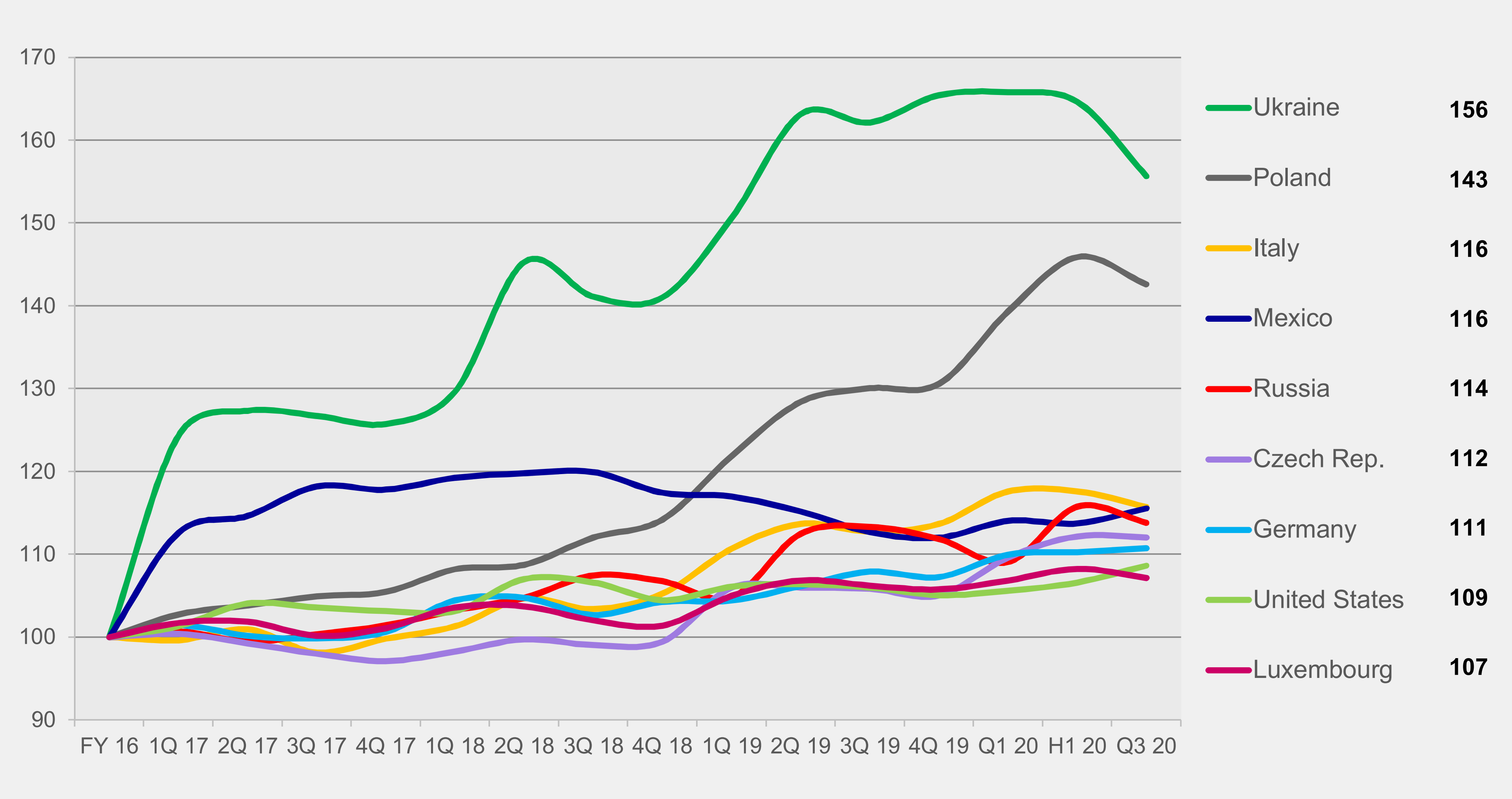
# Price Index by country

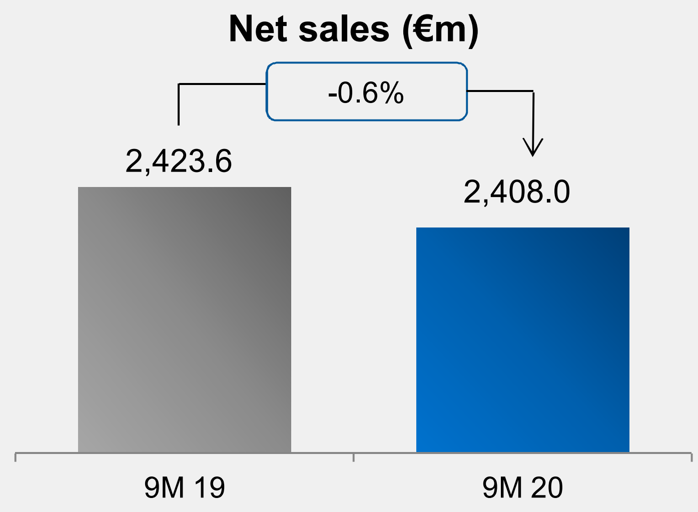


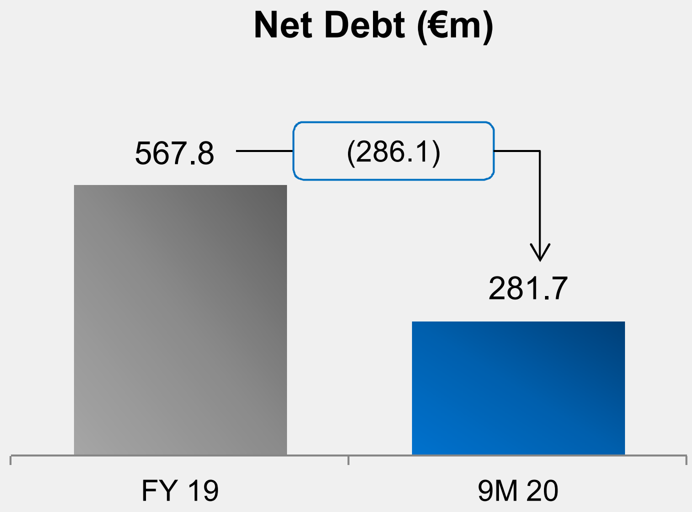

*In local currency; FY16 = 100*

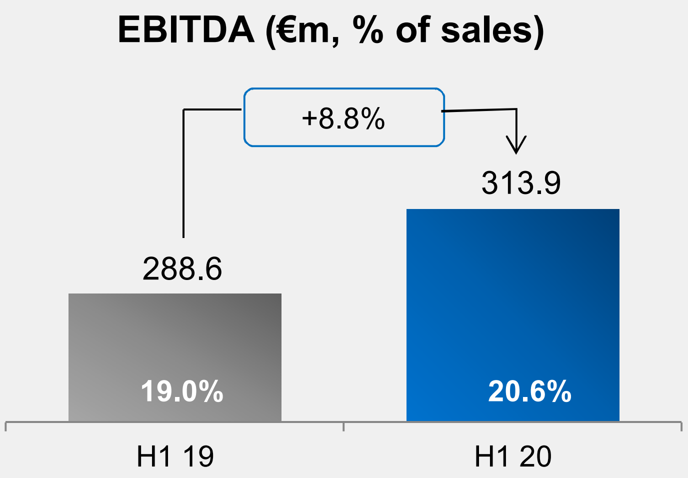
# FX changes

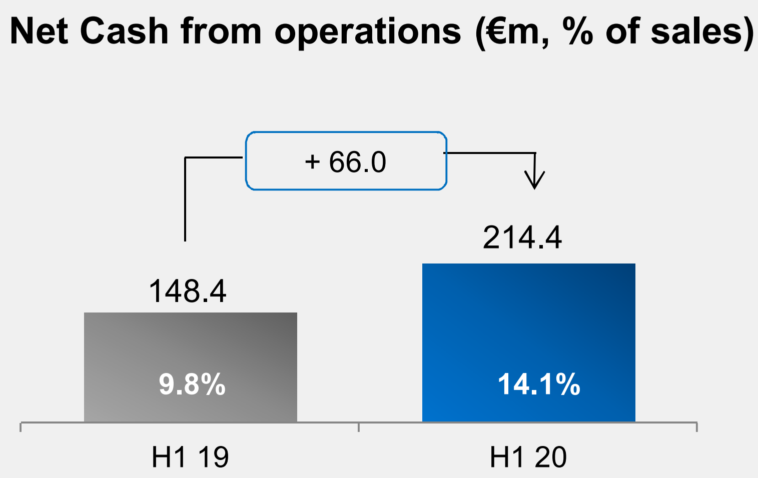
| EUR 1 = | | 9M 20<br>avg | 9M 19<br>avg | Δ<br>% | 2019<br>Avg | Current |
|---|---|---|---|---|---|---|
| | USD | 1.13 | 1.12 | -0.1 | 1.12 | 1.19 |
| | RUB | 79.96 | 73.09 | -9.4 | 72.46 | 92.42 |
| | UAH | 29.88 | 29.61 | -0.9 | 28.92 | 33.47 |
| | CZK | 26.38 | 25.70 | -2.7 | 25.67 | 26.67 |
| | PLN | 4.42 | 4.30 | -2.8 | 4.30 | 4.53 |
| | MXN | 24.52 | 21.63 | -13.4 | 21.56 | 24.68 |
| | BRA | 5.71 | 4.36 | -30.8 | 4.41 | 6.61 |

# 9M 20 Financial Highlights



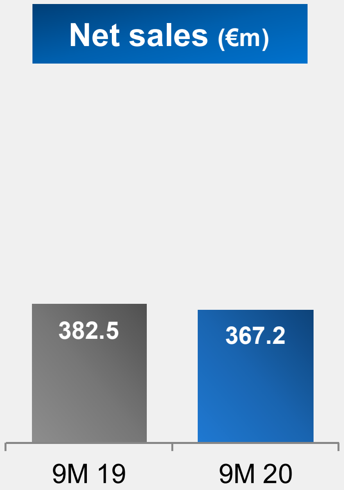



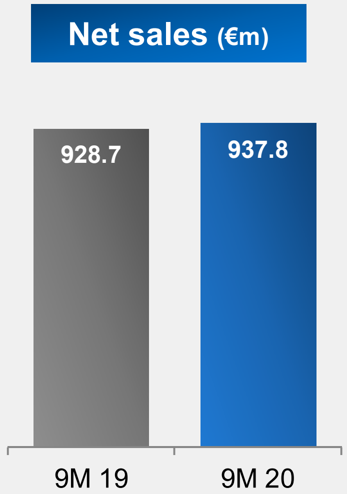
# Results by Geographic Area | Italy & United States of America

## Italy




- Q3 cement volumes marked by better than expected rebound from June on. YTD volumes still down. Stronger impact on readymix production
- Favourable trend for selling prices.
- 15% of consolidated 9M net sales (16% in 9M 19)

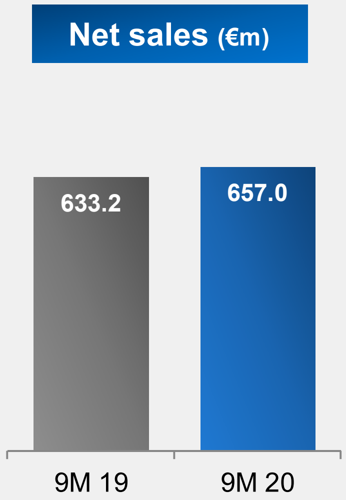
## USA




- Some slowdown in Q3 cement vols due to the difficult comparison and Hurricane Laura in Texas, but YTD still up. Ready-mix vols weaker.
- Selling prices in local currency slightly up
- 39% of consolidated 9M net sales (38% in 9M19)

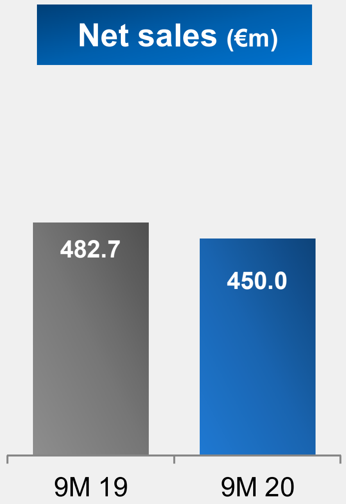
# Results by Geographic Area | Central & Eastern Europe

## Central Europe




- YTD cement vols stable in Germany, thanks to limited negative impact from Covid-19. Luxembourg still weak due to the lack of rebound during Q3. Ready-mix concrete up thanks to different scope in Germany
- Average selling prices improved
- 27% of consolidated 9M net sales (26% in 9M 19)

## Eastern Europe




- Weak cement shipments in Ukraine and Poland, mainly due to the pandemic impact and slightly down in Czech Republic; ready-mix negatively impacted too
- Average selling prices in local currency improved (Poland in particular)
- 19% of consolidated 9M net sales (20% in 9M 19)



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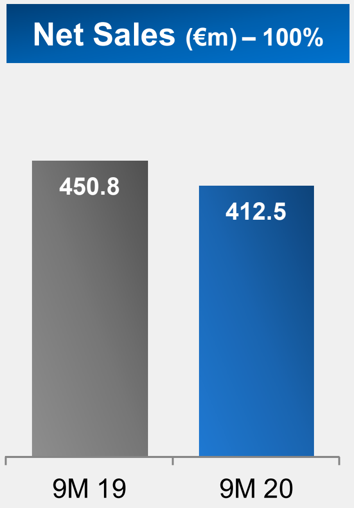
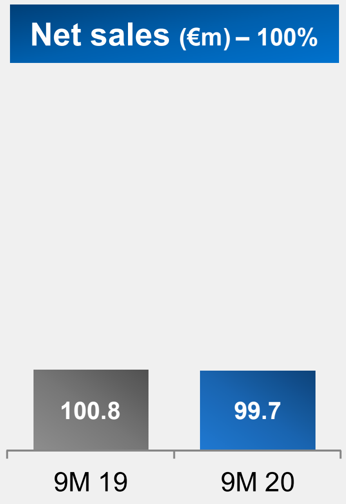
# Results by Geographic Area | Mexico & Brazil (valued at equity)

## Mexico




- Clear development of cement volumes during Q3, thanks to the easing of restriction and social distancing. Favorable change in YTD vols
- Average selling prices in local currency stable
- Negative impact from the depreciation of the Mexican peso (-13.4%)

## Brazil




- YTD Cement volumes showed marked progress, thanks to solid Q3 sales.
- Positive variance of selling prices, in local currency
- Negative impact from the meaningful depreciation of the Brazilian real (-30.8%)

## Net Sales by country

| EURm | 9M 20 | 9M 19 | Δ Abs | Δ % | Forex Abs | Scope abs | Δ l-f-l % |
|---|---|---|---|---|---|---|---|
| Italy | 367.2 | 382.5 | (15.3) | -4.0 | - | 6.9 | -5.8 |
| United States | 937.8 | 928.7 | 9.1 | +1.0 | (1.2) | - | +1.1 |
| Germany | 539.5 | 511.2 | 28.3 | +5.5 | - | 5.7 | +4.4 |
| Lux / Netherlands | 138.7 | 143.2 | (4.5) | -3.1 | - | - | -3.1 |
| Czech Rep / Slovakia | 120.1 | 123.1 | (3.0) | -2.5 | (2.7) | - | -0.3 |
| Poland | 90.4 | 94.8 | (4.4) | -4.7 | (2.5) | - | -2.0 |
| Ukraine | 88.7 | 98.5 | (9.8) | -9.9 | (0.8) | - | -9.1 |
| Russia | 152.4 | 167.9 | (15.4) | -9.2 | (14.3) | - | -0.7 |
| *Eliminations* | *(26.8)* | *(26.3)* | *(0.5)* | | | | |
| **Total** | **2,408.0** | **2,423.6** | **(15.5)** | **-0.6** | **(21.6)** | **12.6** | **-0.3** |
| | | | | | | | |
| Mexico (100%) | 412.5 | 450.8 | (38.3) | -8.5 | (55.1) | - | +3.7 |
| Brazil (100%) | 99.7 | 100.8 | (1.1) | -1.1 | (30.7) | - | +29.3 |



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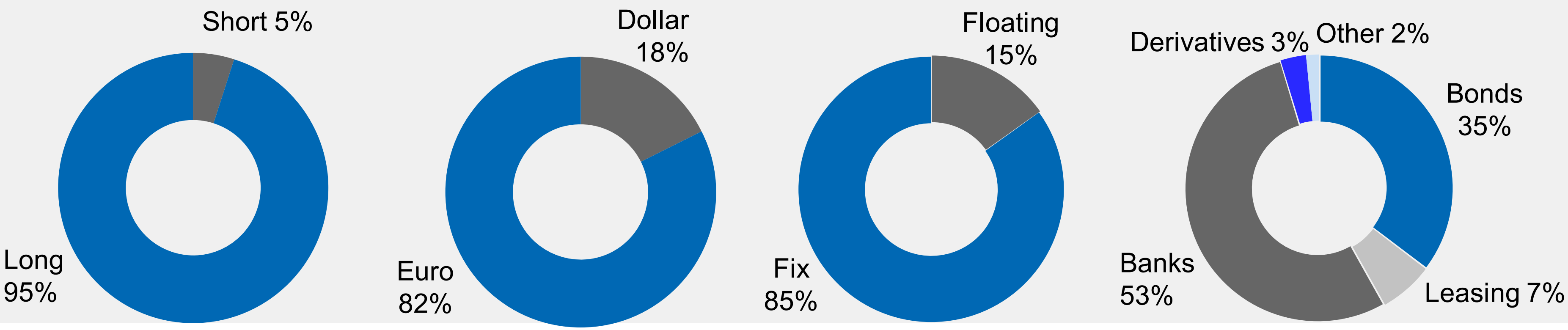
# Net Financial Position

| EURm | Sept 20 | Dec 19 | Δ abs | Sept 19 |
|---|---|---|---|---|
| Cash and other financial assets | 1,133.0 | 840.9 | 292.1 | 706.2 |
| Short-term debt | (47.9) | (72.2) | 24.4 | (144.8) |
| Short-term leasing | (21.6) | (22.5) | 0.9 | (22.0) |
| **Net short-term cash** | **1,063.5** | **746.1** | **317.4** | **539.4** |
| Long-term financial assets | 2.3 | 2.9 | (0.6) | 3.1 |
| Long-term debt | (1,276.3) | (1,242.1) | (34.2) | (1,181.0) |
| Long-term leasing | (71.2) | (74.7) | 3.5 | (71.7) |
| **Net debt** | **(281.7)** | **(567.8)** | **286.1** | **(710.1)** |

Gross debt breakdown (1,417.0 €m )



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# Guidance 2020: Recurring EBITDA expected to be close to previous year

***Key points***

- Sharp slowdown in Covid-19 infections during summer quarter, especially in Europe
- The rebound of industrial activity in Q3 does not cancel all the concerns arising from GDP decline and increase in unemployment.
- From Oct on, high increase in infections causing lot of unknows ahead even in the medium term
- Unfavorable development of exchange rates
- Tailwind from energy cost inflation
- USA: challenging comparison with last year
- Eastern Europe: worsening of the outlook

***EBITDA 2020***

- Recurring EBITDA for the full year expected to be close to the level reached in 2019



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# Saving Shares Conversion – The Rationale

- ***Untangle the Governance***

  A single class of shares, with the same rights and the same price, shall align the rights of all shareholders ("*one share – one vote*" rule)

- ***More liquidity and higher market cap for common shares after conversion***

- ***Improve P/E ratio***

  EPS accretive transaction that should lead to an increase in the share price

- ***Streamline and simplify the capital structure***

  Capital structure rationalization and simplification mean less corporate obbligations and costs associated with the existence of different class of shares

- ***Market-friendly approach***

  The conversion reflects a trend that is clearly visible in the Italian market and has been often solicited by the investors

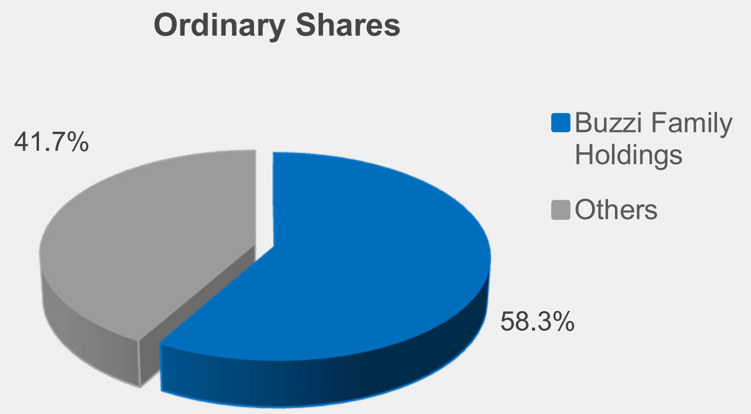
# Savings Shares Conversion – Capital Structure

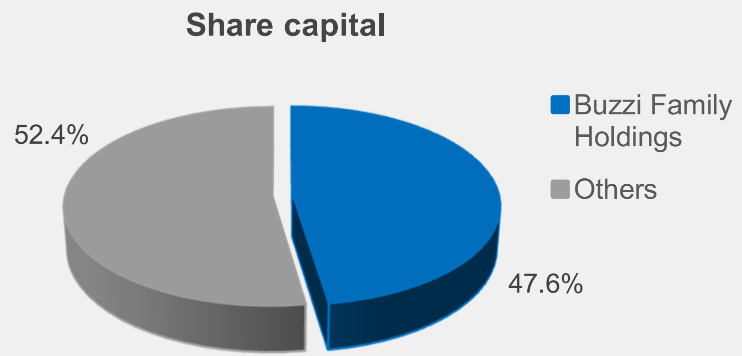
- Two class of shares: Ordinary and Saving shares
- Saving shares represent 19.8% of share capital
- Buzzi Family Holdings own 58.3% of ordinary shares and 48.8% of the share capital

| Share Capital | | |
|---|---|---|
| | *N. of shares* | *%* |
| Ordinary | 165,349,149 | 80.2 |
| Savings | 40,711,949 | 19.8 |
| Total | 206,061,098 | 100 |

| Avg. daily volumes | | |
|---|---|---|
| | *Avg. daily vols (Apr.20-Sept.20)* | *% on shares* |
| Ordinary | 626,802 | 0.379% |
| Savings | 69,918 | 0.172% |

| Market Cap (EURm) | |
|---|---|
| Ordinary | 3,452 |
| Savings | 480 |
| **Total** | 3,932 |





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# Savings Shares Conversion – Deal Structure

**Deal structure**

- Stock conversion rate: **0.67** ordinary shares for each saving share
- Equal cash payment recognised to all shareholders through a special dividend of €0.75 per share following approval of the transaction (Total cash-out of EUR 144.1 mn[(1)])
- Implied premium: **+22.7%**
- **Majority shareholders' impact**: Buzzi Family holdings will land to 51.5%[(1)] of voting rights (from about 58%)
- **Withdrawal price and threshold**:
  - € 10.778 per share
  - € 25 million total

| | Implied Premium | Implied Premium Adjusted [(2)] |
|---|---|---|
| Spot (@ 08.10.2020) | 22.70% | 18.46% |
| Last 1 month | 22.70% | 18.30% |
| Last 3 months | 24.11% | 19.72% |
| Last 6 months | 24.79% | 20.12% |

| Market reaction | | |
|---|---|---|
| | Ordinary shares | Savings shares |
| Price @ announcement | 20.89 | 11.80 |
| Prices @ 12 Oct 2020 | 21.23 | 14.05 |
| % change | +1.6% | +19.1% |

*(1) Assuming no withdrawal*

*(2) Net of special dividend*



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# Savings Shares Conversion – The Schedule

**9 October 2020**

Announcement of the mandatory conversion of savings shares

**19 November 2020**

- Extraordinary and Ordinary Shareholders' Meeting;
- Special Meeting of Savings Shareholders(1)

**Q1 2021 (depending on the withdrawal)**

Closing of the deal and Dividend Payment

*(1) Simple majority for the approval of the deal, representing a minimum of 20% of saving shareholders capital*

# Strategic Move: BCPAR strenghthens its presence in Brazil - 1

RATIONALE

1. **Increase market penetration**: following the acquisition of CRH's operations, BCPAR becoming the 4th largest producer in Brazil and in Southeast region (in terms of cement volumes sold)

2. **Establish a relevant position in the Southeast**: Southeast is the largest cement market in Brazil (cement consumption at c.25 mt per year) with significant potential.

3. **Entry point in Rio De Janeiro State**

4. **Interesting cost/expenses synergies**

# Strategic Move: BCPAR strenghthens its presence in Brazil - 2

- On 26 Oct, the Brazilian Companhia Nacional de Cimento (CNC), a wholly owned subsidiary of BCPAR, company in which Buzzi Unicem holds 50% of the share capital in a joint venture with Grupo Ricardo Brennand, has signed a purchase agreement for the businesses of the CRH group operating in Brazil.
- The CRH companies operating in Brazil own three full-cycle cement plants and two grinding plants, all of them located in the South-East area of the country.
- The parties have agreed a price of US$ 218 million, subject to adjustments based on the net financial situation at the closing date, and the contract includes the usual guarantees provided for this type of transaction.
- Buzzi Unicem intervenes in the transaction in order to ensure its success, in particular by financing CNC, on an arm’s length basis, for a maximum amount equal to the expected consideration. This financial support may occur by using cash as well as credit lines already available.
- Buzzi Unicem and Grupo Ricardo Brennand have agreed on some changes to the existing shareholders' agreements, in order to consider the new scope of consolidation. However, the changes do not have significant impacts on the current structure of the pacts.

# Strategic Move: BCPAR strenghthens its presence in Brazil - 3

## Assets geographic footprint


- **Five production sites**:
  - Three integrated plants (Matozinhos, Arcos Jazida and Cantagalo)
  - Two grinding stations (Arcos Cidade and Santa Luzia)
- **Cement capacity**: 3.4 mt per year



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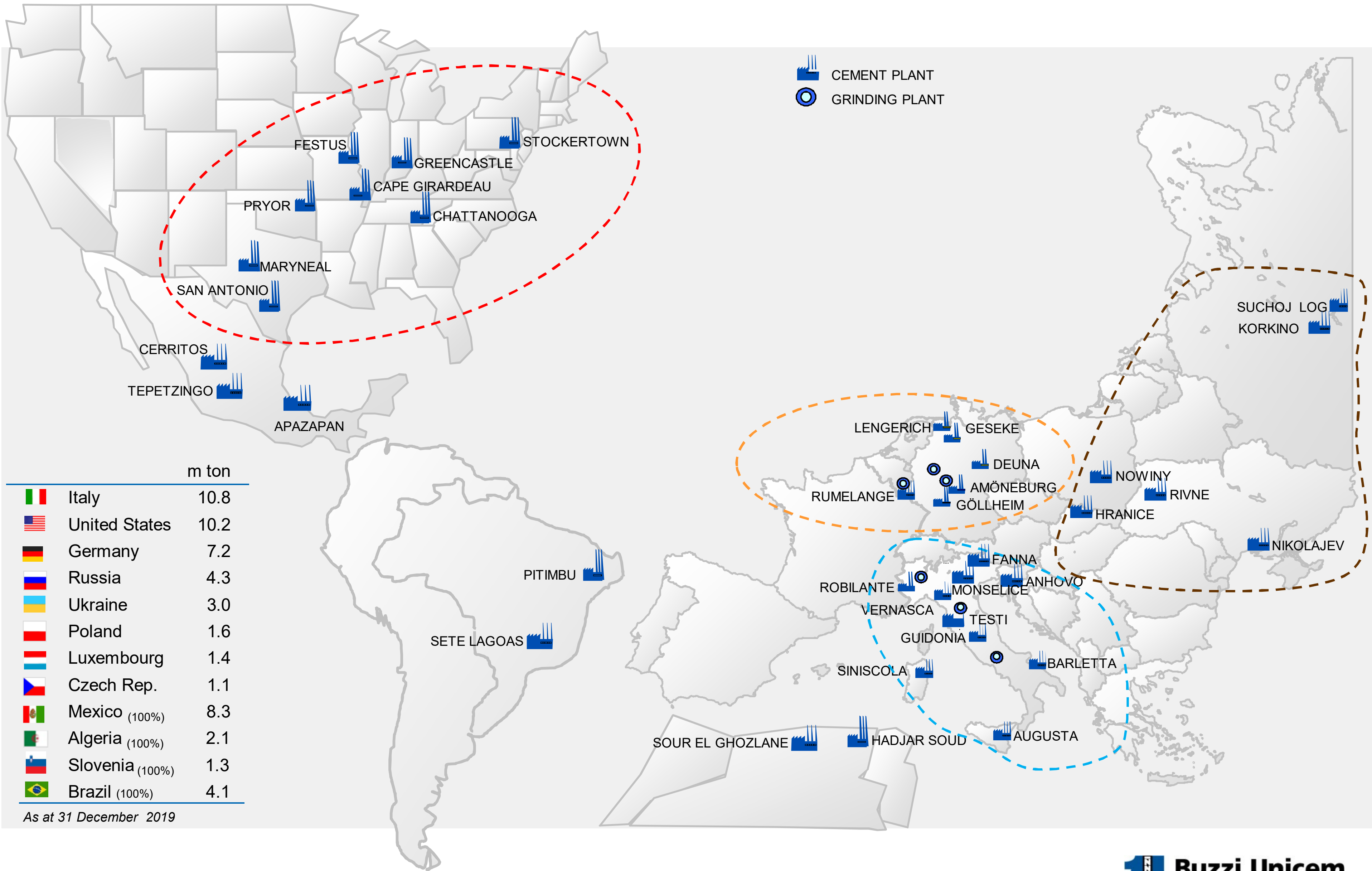
# Appendix

# Buzzi Unicem at a Glance

- International multi-regional, “heavy-side” group, focused on cement, ready-mix and aggregates
- Dedicated management with a long-term vision of the business
- Highly efficient, low cost producer with strong and stable cash flows
- Successful geographic diversification with leading positions in attractive markets
  - Italy (# 2 cement producer), United States (# 4 cement producer), Germany (# 2 cement producer), material joint venture assets in Mexico and Brazil
  - Significant positions in Luxembourg, The Netherlands, Poland, Czech Republic, Slovakia, Russia and Ukraine, as well as entry point in Slovenia and Algeria
- High quality and environmentally friendly assets
- Leading product and service offering
- Conservative financial profile and balanced growth strategy

***“Value creation through lasting, experienced know-how and operating efficiency”***

# Cement plants location and capacity




| | m ton |
|---|---|
| Italy | 10.8 |
| United States | 10.2 |
| Germany | 7.2 |
| Russia | 4.3 |
| Ukraine | 3.0 |
| Poland | 1.6 |
| Luxembourg | 1.4 |
| Czech Rep. | 1.1 |
| Mexico (100%) | 8.3 |
| Algeria (100%) | 2.1 |
| Slovenia (100%) | 1.3 |
| Brazil (100%) | 4.1 |

*As at 31 December 2019*



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# 2019 Consumption vs. Peak




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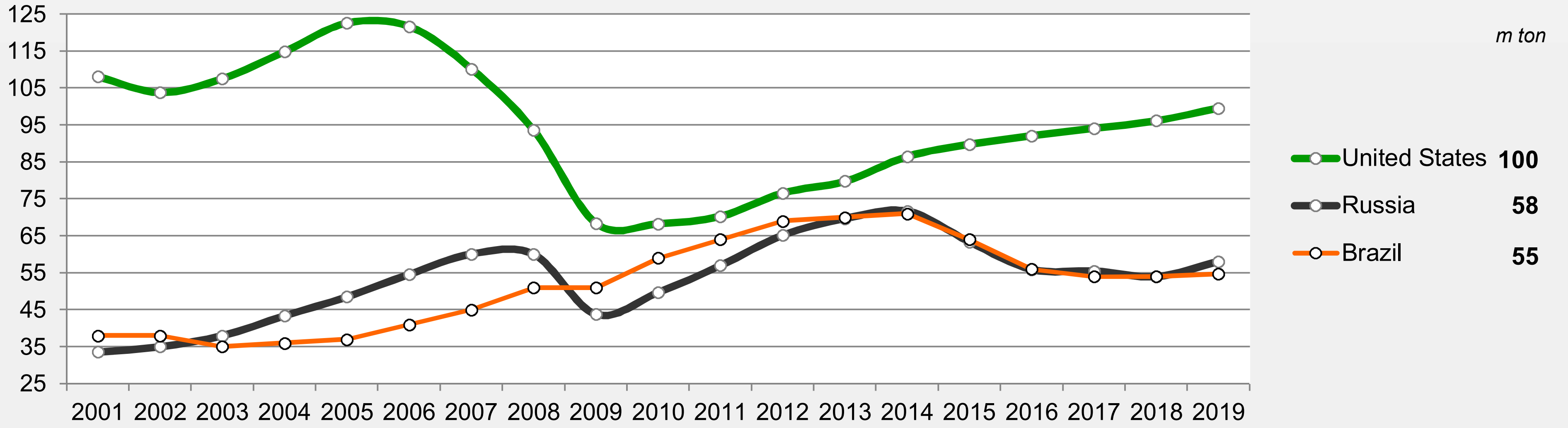
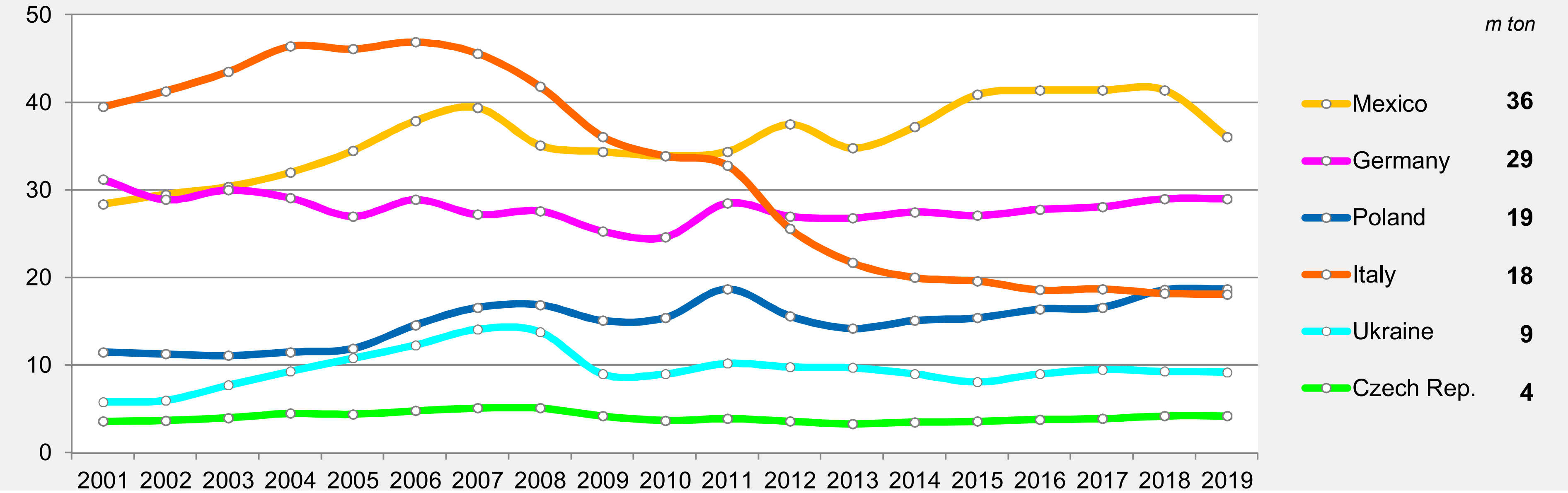
# Historical series of cement consumption by country



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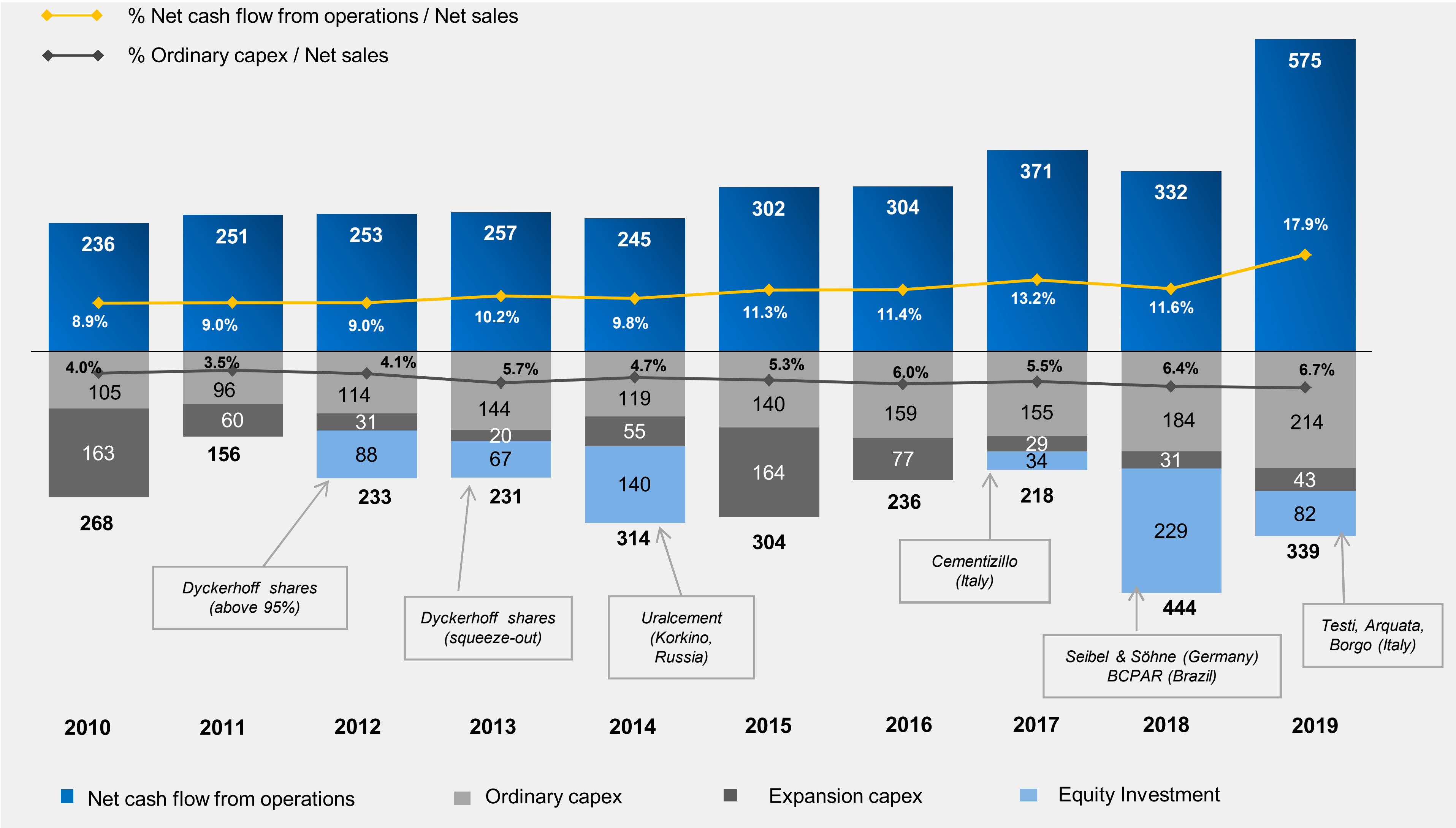
# Net Cash Flow from Operations and Capex | *€m*



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# Historical EBITDA development by country

| | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Italy | *EBITDA* | 10,3 | -5,9 | -18,1 | -18,7 | -37,2 | -22,2 | -79,7 | -1,7 | 43,4 |
| | *margin* | 1,8% | -1,2% | -4,2% | -4,8% | -9,8% | -5,9% | -18,6% | -0,4% | 8,6% |
| Germany | *EBITDA* | 90,3 | 72,2 | 108,1 | 88,6 | 72,1 | 76,8 | 78,1 | 82,5 | 102,3 |
| | *margin* | 14,2% | 12,0% | 18,0% | 14,7% | 12,6% | 13,4% | 13,3% | 13,0% | 15,1% |
| Lux/ Netherlands | *EBITDA* | 35,0 | 8,3 | 11,5 | 15,9 | 19,7 | 25,8 | 17,6 | 23,1 | 22,7 |
| | *margin* | 15,7% | 4,3% | 6,3% | 9,7% | 11,7% | 14,7% | 9,4% | 11,7% | 11,8% |
| Czech Rep/ Slovakia | *EBITDA* | 35,2 | 25,4 | 19,2 | 27,0 | 32,6 | 34,4 | 36,5 | 43,6 | 46,3 |
| | *margin* | 20,5% | 17,0% | 14,6% | 20,2% | 24,0% | 25,2% | 24,7% | 26,5% | 27,5% |
| Poland | *EBITDA* | 36,9 | 21,8 | 27,1 | 18,2 | 22,7 | 23,4 | 24,1 | 31,9 | 32,1 |
| | *margin* | 26,6% | 20,0% | 26,8% | 20,4% | 20,4% | 24,6% | 24,9% | 28,6% | 25,9% |
| Ukraine | *EBITDA* | 6,9 | 15,8 | 12,3 | 11,0 | 4,0 | 12,8 | 16,0 | 7,0 | 21,0 |
| | *margin* | 6,2% | 11,8% | 10,0% | 12,5% | 5,7% | 16,1% | 16,9% | 8,0% | 15,9% |
| Russia | *EBITDA* | 65,7 | 96,1 | 92,6 | 73,4 | 48,4 | 43,2 | 46,0 | 50,1 | 57,7 |
| | *margin* | 37,4% | 41,0% | 37,2% | 35,0% | 29,0% | 28,0% | 24,9% | 27,0% | 26,9% |
| USA | *EBITDA* | 71,4 | 123,9 | 151,0 | 207,3 | 311,7 | 356,5 | 369,6 | 341,2 | 402,7 |
| | *margin* | 12,8% | 18,2% | 20,7% | 24,2% | 28,1% | 31,9% | 33,0% | 31,9% | 32,4% |
| Mexico | *EBITDA* | 82,6 | 97,5 | 77,5 | *Adoption of IFRS 11* | | | | | |
| | *margin* | 34,7% | 36,2% | 33,2% | | | | | | |
| **Group** | **EBITDA** | **434,3** | **455,1** | **481,2** | **422,7** | **473,2** | **550,6** | **508,2** | **577,2** | **728,1** |
| | **margin** | **15,6%** | **16,2%** | **17,5%** | **16,9%** | **17,8%** | **20,6%** | **18,1%** | **20,1%** | **22,6%** |



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